Sectt. II-27—25,006—27-10-3

Law (General) (1934) Department

MS. SERIES.

G.O. No.	1526
DATED	16. 5. 1934.

[Despatch Abstract.]

[illegible] Bank [illegible] Company, Limited - affairs of - petition [illegible] D'Souza - Order passed.

Mangalore, 10th February 1934.

From

Camil D'Souza,

Balmatta Road, M-a-n-g-a-l-o-r-e.

L.P 1036C 13/2/34

To

The Secretary to the Government of Madras,

Law (General) Department, M-a-d-r-a-s.

Sir,

Re:-Balance Sheet of 31-3-1933 filed by the Canara Public Conveyance Co.Ltd., Mangalore.

I beg to state that on 31-8-1933, I sent along with another Share-holder a petition against the C.P.C.Co.Ltd., Mangalore, to the Assistant Registrar of Joint Stock Companies, Mangalore, on the following among other matters,-and I have not been so far favoured with a reply.

1. The C.P.C.Co.Ltd., has advanced recklessly to the extent of Rs. 1,47,712-5-6 as shown in the Balance Sheet to some other motor companies, in the shares of which this company has invested Rs.45,250/- The debtor companies are running at a loss and the advances made to them are not all recoverable. But I have reasons to believe, that the Directors, Secretary and Auditors willfully make the statement in the Balance Sheet knowing it to be false to the effect that the Sundry Book Debtors are considered good. They show only Rs.433/6/- as doubtful, for which no provision has been made. The explanation given by the company to the Assistant Registrar of Joint Stock Companies, Mangalore, may be referred to see whether the statement in the Balance Sheet "Sundry Book Debtors considered good" is not false. When false statements are made either in the Balance Sheet or in any return, they are liable under Sec. 282 of the Indian Companies Act of ~~1882~~ 1913, and the Registrar has the right to report the matter to the Local Government under Section 137 (5) of the Indian Companies Act. Also Vide Case - P.Samdasani Vs. Central Bank of India - S.N.Pochu - Kanvala - Bom L.R. 722.

2. The Articles of Association applicable to the Balance Sheet

dated 31-3-1933, are the Articles that were in force prior to the 16th July 1933, on which date the present Articles were passed at an extraordinary meeting. This new set of Articles having no inherent retrospective effect on the said Balance Sheet. It is in contravention of the Article 67 (b) of the Old Articles that the Sinking Fund has been utilised to write off the depreciation of the investments on shares to the extent of Rs. 15,000/-. Under the old set of Articles which governs the Balance Sheet, the Directors have no power as against the general body of share holders to arbitrarily write off the Sinking Fund, Now as they have done. Moreover the sum Rs.15,000/- ought to have been charged to the profit and loss Account, When it would have meant a loss of Rs.12,207/2/7 instead of a profit of Rs.2792/7/5. The Company avoided this proper procedure, just to suppress the real financial position of the company. Moreover, the Company declared a dividend out of Capital, when there was actually a loss, which is against law.

3. Investments on Government Securities at par, Rs.[illegible]/- ought not to have been shown in the Balance Sheet, according to Form F. The expression "as near thereto as circumstances admit" in Sec. 132 (2) of the Indian Companies Act does not mean that a misleading or false statement should be made in the Balance Sheet. Hence the Par value of the Government Securities in the Balance Sheet is objectionable, and the Balance Sheet cannot be said to have been drawn up in conformity with the law.

4. The company has been levying lot of fines from the employees, viz., drivers and booking-agents, which do not seem to have been accounted for at all. The explanation given when questioned at a general meeting by one of the share holders being that they were debited respectively to the employees and credited in the Stock Ledgers. An undertaking also seems to have been given that a separate fines register would be opened and maintained, but this has been never done, nor is the figure of fines is shown in any the subsequent Profit and Loss Accounts.

5. Without power in the Memorandum to carry on the

Electric business, the company was undertaking house-wiring etc., Subsecuently the present Memorandum was passed at the extraordinary meeting. This is one of the many instances of the company doing ultra vires transactions.

6. The Auditors of the company are equally responsible by reason of their negligence with the Directors, for this unsatisfactory state of affairs. Therefore, you may be pleased to call for an explanation from the Auditors of the C.P.C.Co.Ltd.,

If this petition and the explanation submitted by the company and the Auditors, are properly read and understood, then the Registrar has to be of opinion that the documents in question discloses an unsatisfactory state of affairs and that in addition, that they do not disclose a full and fair statement of the matters to which they purports to relate. Under these circumstances, it is fit and proper case for the Registrar to have reported the matter to the Local Government under Sec.137 (5) and for the Local Goverment under Sec. 141 (3) of the Indian Companies Act to order the company to meet the expenses of the investigation.

The said investigation being quite necessary in the interest of all the share-holders and of the company in general and being moved for under the most extraordinary circumstances by me singly as detailed in Para 9 of my application dated 31-8-1933 to the Assistant Registrar of Joint Stock Companies, Mangalore. As such, I pray that this application of mine may be dealt with according to law.

Soliciting an early attention to the matter.

I beg to remain,
Sir,
Your most obedient servant,

Enclosures-

Balance Sheet,dated 31-3-1933,
of the C.P.C.Co.Ltd., Mangalore.

The Canara Public Conveyance Company, Limited,

1 APR 1934 MANGALORE.

Annual Report and Statement

FOR THE YEAR ENDED 31ST MARCH 1933.

BOARD OF DIRECTORS.

1. M. R. Ry. B. Vaikunta Baliga, Avl., B. A., B. L.,
   Vakil, Mangalore. Chairman, Board of Directors.
2. ,, M. Narayana Kamath, Avl., B. A.,
   Pleader, Coondapoor.
3. ,, Huttangady Laxminarayana Kamath Avl..
   Land-Lord, & Taluk & District Board Member, Gangolly.
4. ,, Manjeshwar Shrinivasa Prabhu, Avl.,
   Agent, The Canara Banking Corporation Udipi, Ltd., Udipi.
5. ,, Halsnad Madapayya, Avl.,
   Landlord, Halsnad, Coondapoor.
6. ,, P. Rangayya Baliga, Avl.,
   Merchant, Mangalore.
7. ,, M. Padmanabha Raghunath Pai, Avl.,
   Landlord, Merchant and District Board Member, Mangalore.

General Manager:
M. R. Ry. V. S. Kudva, Avl.

Secretary:
M. R. Ry. M. K. Shridhara Kudva, Avl.

Legal Advisor:
M. R. Ry. M. Madhava Rao, Avl., B. A., B. L.

Auditors:
Messrs. K. K. Thampan and C. S. Sivarama Krishnan,
Government Diplomates in Accountancy.

Registered Office:—Kodialbail, Mangalore.

Sharada Press. Mangalore.

The Canara Public Conveyance Company, Limited,

MANGALORE.

The Ninteenth Annual Report and Statement.

LADIES AND GENTLEMEN,

Your directors desire to place before the Company in General Meeting the annexed audited Balance Sheet and Profit and Loss account with their report on the working of the Company for the year ending 31st March 1933.

The year under report has been a strenuous year for the Company. In addition to the difficulties experienced on account of the unusual economic depression throughout, your Company had to suffer the loss of guidance and counsel of two of its valued Directors. The sad demise of the late Chairman of the Board of Directors M. R. Ry. Belle Venkatkrishna Rao Avl., soon after the last Annual General Meeting was followed in its close wake by the sudden passing away of the Managing Director the late Mr. V. Srinivas Kamath. Your Directors desire to take this opportunity of placing on record their high sense of appreciation of the good services rendered by the late Chairman and the inestimable guidance and devotion bestowed by the late Managing Director in the course of the working and development of the Company during these years.

The year commenced with none too bright prospects. But all possible efforts were made to minimise the losses which the Bus Trade has been sustaining in this District. Gross revenue in this year shows a slight increase. Likewise there is an increase in the expenditure side and this is due to rise in the price of petrol during the year as well as due to an increase in the mileage covered by the Company.

Towards the middle of the year under report the unhealthy competition raging among various companies had reached an extreme stage when attempts to eliminate the same were made with partial success. As a result of this, a Common Agency for Booking passengers and articles has been ushered into existence since 1-2-1933 with regard to the Northern section of your Company's lines. The utility of this step seems to have impressed itself upon many other concerns as well, as evidenced by other smaller groupings arrived at with the same object. In this direction, we have been only following the lead given by similar organisations in other larger Districts. This step has not however fetched any enhancement in the gross revenue of the Company on that account though we are glad to note that a more regulated and more secure and better organised service has been offered and placed at the disposal of the travelling public avoiding a large number of disabilities the passengers were subjected to before.

The continuous increase in the services by frequent grant of fresh licenses had disastrous effect on the Bus trade in the District. This led to joint representation being made to the District Board President who appreciating the legitimate grievances has refrained from issuing fresh license thereafter. In the fair interests of all concerned the District Magistrate has been viewing the situation with caution and sympathy. This policy of the authorities at the helm affairs is bound to have effects of far reaching consequence towards a better organisation of the system and a more timely and secure service to the public. Your Directors here wish to express their sincere thanks to the District Magistrate and District Board President on whose sympathy the prosperity of Bus trade depends largely.

Instead of filling up the vacancy caused by the demise of the Managing Director, your Directors have availed of the well-trained and skilled services of the former Works Manager Mr. V. S. Kudva who has been appointed as General Manager on a remuneration which is subject to your confirmation at the General Meeting. The General Manager and the Secretary with the help of their staff have rendered hearty co-operation and discharged their duties with unfailing zeal and love towards the Company. In spite of this your Directors have not been able to withdraw the usual cut in salaries or wages on account of the depressed state of finances. In the coming year, it is hoped relief may be given in this direction.

To fill up the vacancies in the Directorate as mentioned above, your Directors coopted two share-holders viz., Mr. M. Padmanabha Raghunath Pai, Merchant, Mangalore and Mr. B. Vaikunta Baliga, B. A., B. L., Pleader, Mangalore. Of these, the latter was elected as the Chairman of the Board. Under the Articles that are expected to be in force when the Company assembles in General Meeting these Directors will be retiring.

The Company has been importing articles from foreign countries mainly from America. The exchange situation has been very unsteady and your Directors have been studying the same to avail for the Company all advantages that might accrue therefrom.

During the last Annual General Meeting, your Company resolved to pay a dividend at 10 per cent., per annum. But subsequently the resolution was considered to be ultra vires and at variance with the Articles of Association. For that reason only the dividend so declared was not disbursed. Your Directors, therefore, propose that the dividend recommended under the next succeeding paragraph may be paid for the consolidated period of two years ending with 31st March 1933.

The Company earned a profit of only Rs. 2,792 7 -5 and this may be dealt with as follows:—

Rs. 949—5—9 to be set apart for the Reserve Fund to bring up the same to a round sum of Rs. 1,60,000.

Balance of Rs. 1843—1—8 together with Rs. 7316 being the amonut set apart last year for distribution of dividend but not distributed as stated above, making the sum of Rs. 9159—1—8 is available for distribtion. Out of this, your Directors recommend that an amount of Rs. 9145 be utilised for a declaration and distribution of dividend at the rate 12½% for the consolidated period of two years ending with 31st March 1933 and the balance left viz. Rs. 14—1—8 be carried forward for the next year.

Before concluding the report, your Directors desire to express their heartfelt thanks for the kind cooperation and good patronage shown to the Company by the travelling public and request for further continued and valued patronage and good-will of the travelling public.

(By order of the Board)

I beg to remain,

Ladies and Gentlemen,

Your most obedient servant,

M. K. Shridhara Kudva,

Secretary

The Canara Public Conveyance Company, Limited, Mangalore.

BALANCE SHEET AS AT 31ST MARCH 1933.

CAPITAL & LIABILITIES.	Rs.	As.	Ps.	Rs.	As.	Ps.	PROPERTY & ASSETS.	Rs.	As.	Ps.	Rs	As.	Ps.
Authorised Capital 10,000 shares of Rs. 10 each	1,00,000	0	0				Actual cost of premises upto 31st March 1932 ...	1,25,127	13	9			
Issued Capital 7,500 shares of Rs. 10 each.	75,000	0	0				Additions during the year	4816	13	1			
Subscribed and called up Capital 7,334 shares of Rs. 10 each ...	73,340	0	0				Less depreciation deducted upto 31—3—1932 Rs. 43,070—5—6	1,29,944	11	0			
Less Calls in arrears	90	0	0	73,250	0	0	Less depreciation deducted for the year 4,582—5—6	47,652	11	9	82 292	0	0
Reserve Fund				1,59050	10	3	Actual cost of Buses up to 31—3—1932	4,87,265	14	4			
Sinking Fund	50,000	0	0				Additions during the year ...	7600	0	0			
Less amount adjusted to Investments on shares of other Motor Companies	15,000	0	0	35,000	0	0		4,94,865	14				
Dividend Equalization Fund ...	35,000	0	0				Less depreciation deducted upto 31—3—32 Rs. 4,13,932—10—10						
Less amount adjusted to Profit and Loss a/c	1,894	5	3	33 105	10	9	Less depreciation deducted for the year Rs. 2,288—15—2	4,38 191	15	2	56,674	4	9
Reserve or unforseen Losses ...				10,000	0	9	Actual cost of Machinery upto 31—3—1932 ...	18,282	14	9			
Provident Fund of Employees with interest				11,222	11	1	Additions during the year	26	8	0			
Amount due to Bankers				20640	1	8		18,310	6	9			
Unclaimed Dividends				1790	12	0	Less depreciation deducted upto 31—3—32 Rs. 9,873—1—6						
Unpaid Dividends				7316	0	0	Less depreciation deducted for the year Rs. 1,873—5—3	11,046	6	9	7,264		
Liabilities:—							Actual cost of furniture upto 31—3—1932 ...	5,961	6	5			
For goods supplied	29,068	10	5				Additions during the year ...	50	3	0			
„ Expenses	8,911	1	2					6011	9	5			
„ Other finance	23,935	10	3	61,915	5	10	Less depreciation deducted upto 31—3—32 Rs. 3382—14—11						
Profit & Loss a/c:—							Less depreciation deducted for the year Rs. 600—10—6	3383	9	5	2,628	0	0
Balance as per previous Balance Sheet	5,421	10	9				Motor accessories and General stores valued at market price as per certified list ...	31,551	7	3			
Add from Dividend Equalization Fund	1,894	5	3				Motor Tyres and accessories valued at market price as per certified list ...	4458	13	6			
	7316	0	0				Petrol and Lubricants ...	2918	3	3	39,928		
Less for Dividend a/c	7316	0	0				Sundry Book Debtors (of which Rs. 1,[illegible]—0—0 considered doubtful)				1,47,[illegible]		
Net Profit for the year:—				2,792	7	5	Suspense a c	1[illegible]4	4	8			
							Advance to workmen and Contractors receivable in cash ...	1656	6	6	2,[illegible]	11	
							Expenses prepaid for the Ton mile Tax etc				12,434		
							Investments						
							On Government securities at par ...	20,[illegible]					
							On Postal Certificates at cost ...	184					
							„ Fixed deposit with Banks ...	1[illegible]					
							„ shares of other motor companies of Rs. 45,250 face value valued at	30,250	0	0	62,39[illegible]		
							Interest accrued and due				417	11	6
							Cash at Bankers in current a/c ...				736	1	
							Cash at Office				77[illegible]		
			Total Rs.	4,16,093	11	0				*Total Rs.*	4,16,09[illegible]	11	0

Office of the Canara Public Conveyance Company, Ltd., Mangalore. Dated 30th July 1933.

(Sd.) B. Vaikunta Baliga,
„ M. Shrinivas Prabhu,
„ M. Padmanabha Raghunath Pai.
Directors.

(Sd.) M. K. Shridhara Kudva.
Secretary.

We have examined the above Balance Sheet with the books and vouchers of the Company and statements of accounts from the agencies and have obtained all the information and explanations we have required. In our opinion the above Balance sheet is drawn up in Conformity with the law and it exhibits a true and correct view of the Company's state of affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

Mangalore, 30-7-1933.

(Sd.) K. K. Thampan,
„ C. S. Sivaramakrishnan,
Govt. Diplomates in Accountancy
Registered Accountants and Auditors.

(By order)
M. K. Shridhara Kudva,
Secretary.

The Canara Public Conveyance Company, Limited, Mangalore.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1933.

EXPENDITURE.	Rs. As. Ps.	Rs. As. Ps.	INCOME.	Rs. As. Ps.	Rs As. Ps.
Motor Tyres, Petrol and Lubricants		2,52,676 9 7	Motor fares, Luggage fees, Profit on Sales, Mail Subsidy Miscellanious Receipts and Interest		5,26.504 11
Bus maintenance and repairing charges		22,600 6 9			
Office Expenses:—					
Salaries, Wages and Commission	1,11 070 13 3				
Postage and Telegram charges ...	603 14 3				
Printing, Stationery and Advertising charges	4,439 10 2				
Travelling Expenses	102 9 5	1,16,216 15 1			
Other Expenses:—					
Bus registration and examination fees	4,145 0 0				
Rent and Taxes	93,186 4 5				
Railway and Ferry Charges ..	2,485 7 4				
Bank Commission	123 8 10				
Sundry Charges	282 1 3				
Legal Expenses	575 10 3				
Director's and Auditor's fees ..	875 0 0	1,01,673 0 1			
Depreciation on:—					
Buildings	4,582 5 6				
Buses	24 288 15 2				
Machinery	1,373 5 3				
Furniture	300 10 6	30,545 4 5			
Net Profit for the year.		2,792 7 5			
Total Rs.		5,26,504 11 4	*Total Rs.*		5,26,504 11 4

Office of the Canara Public ConveyanceCompany, Ltd. Mangalore. Dated 30th July 1933.

Sd. B. Vaikunta Baliga,
,, M. Shrinivasa Prabhu,
,, M. Padmanabha Raghunath Pai,
Directors.

(Sd.) M. K. Shridhara Kudva,
Secretary

Mangalore, 30-7-1933.

Examined and found Correct.
(Sd.) K. K. Thampan
,, C. S. Shivaramakrishnan,
Govt. Diplomates in Accountancy, Registered Accountants & Auditors.

(By order)
M. K. Shridhara Kudva,
Secretary.

The Canara Public Conveyance Co., Ltd.
MANGALORE.

NOTICE.

The Annual General Meeting of the Share-holders of the Canara Public Conveyance Company, Ltd., Mangalore will be held on Sunday the 27th August 1933 at 10 A. M. at the Registered Office of the Company at Kodialbail, Mangalore The following Agenda will be placed before the meeting.

1 Receiving & adopting the Directors' Report and audited Balance Sheet and Profit and Loss Account for the year ended 31st March 1933.

2. Fixing the rate of dividend.

3. Appointing an Auditor or Auditors for 1933-'34 and fixing of his or their remuneration. The retiring Auditors are eligible for re-election.

4. Approving the remuneration of the General Manager fixed by the Board of Directors.

5. Election of two Directors in place of Messrs. B. Vaikunta Baliga, B. A., B. L. and M. Padmanabha Raghunath Pai who retire. The retiring Directors are eligible for re-election.

(By order of the Board)

Registered Office of the C. P. C. Co., Ltd., Kodialbail, Dated 2-8-1933.

M. K. Shridhara Kudva,
Secretary.

(Law General)

[C No. 1036 C]

From C D'Souza. Dy 10.2.34

Re. the affairs of the Canara Public Conveyance Company Limited, Mangalore

Endt. 1036 C-1 / 16/2/34

Referred to the Registrar, Joint Stock Companies for remarks

Ship 14/2

17/2

18/2

15/2

To the Registrar Joint-Stock Companies

(with ref in orgl to be returned with reply)

R 21/2

C. F. 98.

Law Department

REMINDER. (General) Branch.

REPLY.

2-9259C

2493/34

To The Registrar
Joint Stock Companies

To The Secretary to Government,
Law (General) Department

The undersigned ~~has the honour to invite~~ is directed to invite ~~invites~~ attention to the communication noted in the margin and to request that this reminder may be returned at once with information as to—

Endt No. 1036C-1, dated 16.2.34

~~(1) the stage at which the matter now is,~~

~~(2)~~ the date by which a reply may be expected, ~~and~~

(3) ~~the circumstances which have caused the delay.~~

2. It is requested that ~~the~~ reply to this reminder may be sent not later than

The matter is under correspondence with the Assistant Registrar of Joint Stock Companies, South Kanara who has been reminded. My remarks will be sent on receipt of his reply.

Office Law(Genl) Dept
Station Fort St George
Dated 20th March 34

B.C.A. Aiyar
Signature.
Asst Secy
Designation.

Madras, 23-3-'34

J. Jowett
For Regr. of Jt.St.Cos

Reg 2073

SUBJECT.

re: affairs of the Canara Public Conveyance Company Limited, Mangalore

Reg 2573/34

(Law(Genl)) The Registrar may be reminded again on 20.4.34 if necessary

C.F. 80.

LAW (GENERAL) // DEPARTMENT.

Received ..... 19 *Registered* 19

Subject. L.S.2738C 24/4/34

The Canara Public Conveyance Company Limited -- Affairs of -- Petition from Mr. C. D'Souza.

ENCLOSURES.
No THREE.
Spare copies Nil.

No. 172-Comp.

Station Madras *Dated the* 18th April 1934

From (Name) M.R.Ry. Diwan Bahadur B.V.Sri Hari Rao Nayudu Garu, B.A., B.L.,
(Designation) Registrar of Joint Stock Companies
Madras.

To The Secretary to the Government of Madras,
Law (General) Department.

Sir,

Ref.- Endorsement No. 1036 C-1, Law (General dated the 16th February 1934.

The Canara Public Conveyance Company Ltd was registered under the Indian Companies Act, 1913, on 24th March 1914 with an authorised capital of Rs.1,00,000/ Its subscribed and paid up capitals as on 31st March 1933 are Rs.73,340/- and Rs.73,250/- respectively. Its main object is Bus Service.

2. The petitioner, Mr. C. D'Souza requests that, in view of the unsatisfactory state of affairs disclosed in the Balance Sheet of the company for the year ended 31st March 1933, the Registrar should report to the Government

Government under Section 137 (5) of the Act for the appointment of Inspectors to investigate its affairs. [Section 138(4)]. This question was examined by me when the copy of the petition dated 31st March 1933 referred to by the applicant was received in my office. The provisions of Section 137(5) of the Act are very rarely made use of by the Registrar since there is a specific provision in the Act enabling the shareholders to appoint Inspectors in cases where they find that the internal affairs of a company require investigation -- [Sections 138(ii) and 142(i)]. Further, it is difficult to recover the costs of investigation from the company if the appointment of Inspectors is made by Government on a report by the Registrar. The Government have no right of recourse as against the company for the recovery of costs in such cases [Vide Advocate-General's opinion communicated in Endorsement No. 3184 C-3, Law (General) dated 25-8-1931]. For these reasons I advised the petitioner in my letter No. 913/33-Comp., dated the 24th February 1934 (copy enclosed) to take action either for the investigation of affairs [Sections 138(ii) and 142(i)] or for the winding up of the company (Section 162).

3. Another request of the petitioner is that action under Section 282 of the Act should be taken by the Registrar since according to him the statements contained in the Balance Sheet are false. My remarks on the several points raised in the petition (Vide Annexure) would show that there are not sufficient grounds for launching the prosecution.

In the circumstances the petitioner may be asked to seek redress in a court of law if he feels aggrieved.

I have the honour to be,
Sir,
Your most obedient servant,

Assistant Registrar
for Regr. of Jt. St. Cos.

A.D.

A N N E X U R E.

PARA 1: SUNDRY BOOK DEBTS:-

Petitioner states that sundry book debts shown in the Balance sheet amount to the large sum of Rs.1,47,712-5-6, which being mostly advances to other motor companies running at a loss cannot be considered as good. Since shares to the extent of Rs.45,250 have been valuated at Rs.30,250 it is argued that the position of the companies to whom large sums have been advanced cannot be sound. The company, however, contends that subsidiary companies are solvent and that, in view of the fact that these companies had not been able to declare dividends, it was thought prudent to reduce the valuation of their shares. In my opinion de-valuation of shares in companies which find it difficult to declare dividends is a correct procedure. The petitioner alleges that the figures shown under this head are false but the Registrar is not in a position to verify the correctness of the statement.

PARA 2: SINKING FUND:-

The petitioner's contention is that the directors acted without authority in drawing upon the sinking fund to the extent of Rs.15,000/- to adjust depreciation in investments on shares in other companies. A sinking fund is intended for replacing wasting assets which are constantly in use and diminish in value by reason of wear and tear. In this company it is proper to regard buses, cars, etc. as wasting assets. It is true that the sinking fund was not directly invested in shares but was adjusted to investments on shares of other motor companies. The action of the directors in reducing the sinking fund to adjust the losses on depreciation of shares is therefore ULTRA VIRES; but the remedy lies in the shareholders and the company runs the risk of being wound up on that account.

PARA 3:

PARA 3: INVESTMENTS ON [illegible]:-

Where no provision is made for fall in market value it is desirable to show in the balance sheet what the market value is. The company was asked to enter the investments at their cost mentioning also their market value. The reply received shows that there is no fall but a slight rise in the market value.

PARA 4: FINES FROM EMPLOYEES:-

The details of income in the ~~P. & L.~~ Profit and Loss account have been stated by the company to be as follows:--

		Rs.	A.	P.
Fares and hires	..	5,07,570	11	4
Mail subsidy	..	10,039	7	0
Managing Commission	..	1,265	9	11
Profit on sales	..	2,282	6	0
Interest	..	5,346	9	1
Total	..	5,26,504	11	4

From this it will be seen that fines do not form an item of income. Probably they are outside the balance sheet and therefore beyond my reach.

PARA 5: ULTRA VIRES BUSINESS:- (Para 5, p.)

The petitioner alleges that the company has carried on electric wiring business which is not authorised by the Memorandum. The company's answer is that the business was not carried on during the period covered by the Balance sheet. If the company is carrying on ultra vires transactions it is liable to be wound up by Court -- Vide remarks under para 2 also.

PARA 6: RESPONSIBILITY OF AUDITORS:- Para 6 p. 2

How far the allegations against the auditors are true can be ascertained only by a re-audit of the accounts. Until then the presumption is that the auditors have done the

work

work properly. The Registrar is not authorised to go through the account books. The appointment of auditors rest with the shareholders [Section 144(3)].

A.D.

ENCLOSURE
To Letter No. 172-Comp., dated 18th April 1934.

Copy of letter from the Registrar of Joint Stock Companies,
To ~~the~~ Camil D'Souza Esq., Balmattu Road, Mangalore,
No. 913/33-Cpmp., dated 24th February 1934.

****

Ref.- Correspondence ending with my letter No.913-Comp., dated 23-11-33 - Re: the affairs of the Canara Publi Conveyance Company, Limited.

The balance sheet of the above company as on 31st March 1933 has been ~~xxxixxd~~ reviewed by the Assistant Registrar of Joint Stock Companies, South Kanara with special reference t your petition dated 31-8-1933. The additional informations and explanations obtained by the Assistant Registrar under Sec. 137 of the Act on the review of the balance sheet ~~xx~~ are open to you for inspection on payment of the prescribed fee. If the explanations are found unsatisfactory you may take action for the investigation of the affairs of the company as provided in Sections 138(ii) or 142 (i) of the Act.

2. The Registrar has no power to interfere with the internal management of the Company. If you feel aggrieved you are advised to seek redress in a Court of law by moving for the winding up of the company under Section 162 of the Act or other wise.

Sectt. II-6 (a)

Land (general) DEPARTMENT.

	Date.	Initials
When received for Fair-copying	12/5	
When copied ..		
When examined ..		
When signed ..		
When despatched ..		

29/16 Companies

The Canara Public Conveyance Company Limited – affairs of – petition from Mr C D'Souza – Orders passed –

READ AGAIN G.O. No. ....., dated 19

" " " " ..... " 19

READ ALSO :—

C. No. 1036c From the Mr C D'Souza I, No. 1 of, dated 6.2. 1934.

" " ..... " " Endt of the Registrar, Joint-Stock Companies II, No. 9036c-1 of, dated 16.2.1934

" " 2739c " " Registrar, Joint-Stock Companies III, No. 172 Comp of, dated 18.4.1934

ORDER. No. 1526, dated 16-5- 1934.

MS.

Mr C. D'Souza is informed that the Government are unable to interfere in the matter

Sd/- 15/5/34

BR 15/5 S

Mo 15/5/34

Mo 13/5/34.

Camr

To Mr C D'Souza
Balmatta Road
Mangalore
(9 of 10)

Copy to the Registrar, Joint-Stock Companies
(9 to)

Note. Please see the Registrar's letters on pp. 11-12 and on p. 16 c.f. The letter to Mr. D'Souza on p. 16 c.f. is dated 20.2.1934. The petition to Govt. is dated 10.2.1934

Mo 15/5